

KTRS NEWSLETTER

TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF KENTUCKY

ACTIVE MEMBER EDITION
June/July 2003



Members Elect Two Trustees to KTRS Board

The election for two positions on the KTRS Board of Trustees was conducted during May 2003. Mr. Gene Wilhoit, Chief State School Officer, has certified the results of the election to the KTRS Board of Trustees.



Former Governor **Julian M. Carroll** of Frankfort in Franklin County was elected to a four-year term as a lay trustee member of the Board. Kentucky's former Governor brings a variety of experience, both in the public and private

sector, into his service on the Board of Trustees. Governor Carroll's term of office will be from July 1, 2003, through June 30, 2007.



Ms. Ruth Ann Sweazy of Taylorsville in Spencer County was elected to a four-year term as an active teacher member of the Board. Ms. Sweazy is a teacher in the Spencer County School System. She is an active member of many

education groups at the local, state, and national levels. Ms. Sweazy's term of office will be from July 1, 2003, through June 30, 2007.

Barbara G. Sterrett, Vice Chairperson of KTRS Board, Retires



Ms. Barbara G. Sterrett of Lexington retired from the Board of Trustees effective July 1, 2003. Ms. Sterrett began her service on the Board in 1990 and had the longest tenure of any current active teacher trustee

on the Board upon her retirement. Besides serving as Vice Chairperson of the Board, she has served as Chairperson of the Legislative

Committee in addition to serving on the Personnel Committee, the Administrative Appeals Committee and the Scholarship Committee.

Ms. Sterrett's leadership will be missed by both the System's Board and staff. During Ms. Sterrett's tenure on the Board, the assets of the System grew from

Venture Capital - Not a KTRS Investment at this Time

Despite a media report to the contrary, the KTRS Board of Trustees **did not** recently approve a venture capital investment. The System does not own nor is likely to own in the near future any venture investments. With the disastrous returns earned by venture capital in recent years, some other institutional investors, no doubt, regret owning venture investments.

On several occasions, the System has examined the feasibility of alternative asset classes like venture capital for its investment portfolio. Venture capital represents the investment of resources in start-up companies. Individuals interested in spurring economic development typically encourage venture capital investing. Venture

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\$3.7 billion to \$12.1 billion, and the annual retiree payroll has increased from \$200 million to more than \$810 million. Also, many member benefit improvements took place during her tenure with two benefits standing out as having significant long-term importance to career educators. First is the benefit improvement commonly referred to as "High 3", which is the determination of the final average salary for those who retire on or after age 55 with 27 or more years of service by using the average of the member's three highest annual salaries as opposed to five highest. Second is another important benefit recently added for members retiring after June 30, 2004, that will increase the multiplier from 2.5% to 3.0% for each year of service beyond 30 years. These two important benefit improvements give members the opportunity to greatly improve their permanent benefits beyond the minimum benefit earned at 27 years of service and to better prepare themselves for the many years they will be retired.

Ms. Sterrett was a most dedicated member of the Board of Trustees and worked to protect the System as well as provide benefits for the active and retired members. We wish the Sterretts many happy and productive years.

**VENTURE CAPITAL - NOT A KTRS INVESTMENT AT THIS
TIME** *continued . . .*

capital returns can be highly volatile accompanied by large movements in values. The venture capital asset class currently is exhibiting general weakness. The asset class should continue to earn lackluster returns in upcoming quarters. Newly formed small companies have a particularly difficult time operating in a weak economy.

The venture capital asset class nationwide is currently overfunded with too few solid opportunities. Many of the illiquid investments cannot be sold without investors assuming significant losses. Sell prices can be expected to be lower than already depreciated appraisal levels.

The System plans to remain informed about the venture capital asset class. Eventually, the economy should be conducive to venture investing. Any entry by the System into this area would follow a thorough evaluation and be on a small scale with extraordinary caution. While the System is interested in investments that enhance economic development in Kentucky, venture investments would not be assumed unless they would provide a long-term benefit to the Retirement System's active and retired members.

**Service Credit
What You Need to Know**

Each year that you are employed in a position covered by KTRS and have retirement contributions deducted/withheld from your salary you earn service credit in the retirement system. Throughout the school or fiscal year (July 1–June 30) your employer remits these contributions to KTRS. Employers are required to forward these contributions to KTRS within fifteen days after the end of each payroll period. After the close of the fiscal year, each employer must submit an annual report of KTRS contributions to the retirement system. Included in this report are the total contributions withheld from each employee, the yearly contract salary for each employee, the number of days paid for each employee and the total number of contract days included in each position for a full contract year.

Each KTRS member who is employed for the entire contract year and who is paid for every day in the contract is entitled to receive one (1.00) year of service credit.* Each KTRS member who is employed for the entire contract year and who has unpaid days totaling no more than five days is also entitled to receive one (1.00) year service credit. Members who are employed and paid for less than the number of days required for a full contract year shall be entitled to pro rata service credit for the fractional service. Such credit shall be based upon the number of days employed and the number of days in the member's annual employment agreement or normal employment year.

Full year contract agreements are required to have no less than 185 days minimum for local school district and state agency employers and no less than 180 days for university employers. Full year contract agreements may not contain contract agreements that exceed 261 days.

KTRS will mail you an annual statement in September that reports your service credit and salary earned during the July 1, 2002-June 30, 2003, fiscal year and your total service credit and total contributions as accumulated in your KTRS account. It is your responsibility to examine your statement and report any discrepancies to your employer. In certain situations where fractional service has been awarded, the member may be permitted to make a personal payment to KTRS and make whole a fractional year. In almost all situations this payment must be received in the KTRS office no later than December 31, 20XX following the end of the fiscal year on June 30.

** Members who complete their employment agreement prior to the close of a fiscal year and elect to retire prior to the close of a fiscal year shall have their service credit reduced by eight percent (8%) for each calendar month that the retirement becomes effective prior to July 1.*

Retirement Leaves Vacancy on Board of Trustees

Due to the retirement of Ms. Barbara Sterrett of Lexington, there is a vacant position on the Board of Trustees. Ms. Sterrett's unexpired term runs through June 30, 2006. KRS 161.270 provides that the Board of Trustees shall elect a person to serve on the Board for the duration of the unexpired term. Ms. Sterrett has served as an active teacher member of the Board. Any active or retired member who desires to submit the name of an active teacher member of the System as a potential candidate to fill the vacancy should forward a resume of the individual to:

KENTUCKY TEACHERS' RETIREMENT SYSTEM
ATTN: Nominating Committee of the Board of Trustees to Fill Unexpired Terms
479 Versailles Road
Frankfort, Kentucky 40601-3800

In order to provide the Nominating Committee of the Board of Trustees sufficient time to consider all interested persons, resumes are to be received in the KTRS office no later than the close of business on August 18, 2003.

KENTUCKY TEACHERS' RETIREMENT SYSTEM MID-CAREER PLANNING WORKSHOPS

REGISTRATION
5:30 P.M. - 5:40 P.M. (Local Time)

SEMINAR
5:40 P.M. - 8:30 P.M. (Local Time)

September 8, 2003

Daviess Co. Board of Education
Central Office Board Room
1622 Southeastern Pkwy
Owensboro, KY

September 22, 2003

Carter Caves SRP
Olive Hill Room
344 Caveland Drive
Olive Hill, KY

October 6, 2003

Drawbridge Inn
Merchants Room
2477 Royal Drive
Ft. Mitchell, KY

November 3, 2003

Best Western - Brownsboro Inn
Onyx Room
4805 Brownsboro Road
Louisville, KY

KENTUCKY TEACHERS' RETIREMENT SYSTEM PRE-RETIREMENT SEMINARS

REGISTRATION
9:00 A.M. - 9:15 A.M.
(Local Time)

SEMINAR
9:15 A.M. - 1:00 P.M.
(Local Time)

You are invited to attend if you are minimum one year to five years maximum from retirement.

July 22, 2003

Carter Caves SRP
344 Caveland Drive
Olive Hill, KY

September 20, 2003

Jenny Wiley SRP
75 Theatre Court
Prestonsburg, KY

October 25, 2003

Pine Mountain SRP
1050 State Park Road
Pineville, KY

November 8, 2003

Center for Rural
Development
2292 South US HWY 27
Somerset, KY

November 22, 2003

Barren River SRP
1149 State Park Road
Lucas, KY

KTRS SEMINAR OR WORKSHOP PRE-REGISTRATION FORM

Pre-registration for all seminars is **NECESSARY** and offered on a first come, first served basis. Individual retirement estimates will **NOT** be available at these workshops/seminars. **Return this pre-registration form to KTRS or pre-register on-line at: www.ktrs.org.** **This Pre-Registration is for**



**Mid-Career
Workshop**



**Pre-Retirement
Seminar**

Name _____ Social Security Number _____ - _____ - _____

Address _____

City/State _____ ZIP Code _____

Name of Employer _____

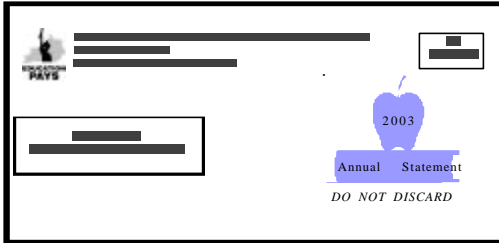
Home Phone: (_____) _____ Work Phone: (_____) _____

Date of Workshop attending: _____ City of Workshop attending: _____

**** Guests are welcome if seating is available. Priority is given to KTRS Members****

*Please return completed registration form to: KTRS * 479 Versailles Road * Frankfort, KY 40601-3800*

Please Review Your 2003 Annual Statement



2003 Annual Statement

The Kentucky Teachers' Retirement System annual statements for fiscal year ending June 30, 2003, will be mailed in early September 2003. The accuracy of the information contained in this statement is important to your retirement and serves as the basis for preparing an estimate of your retirement benefits. The salary and service credit reflected on your statement was furnished by your employer. To assist members in maintaining accurate retirement accounts, KTRS will perform service credit audits on member accounts that will be eligible to retire in the next two years. **You can help by carefully reviewing your statement to assure its' accuracy. Please pay particular attention to**

the total service credit ending balance at June 30, 2003. Members are entitled to receive a full year service credit if they have no more than five days without pay during a year. If you think your account may have an error, please contact your employer. Your employer will then notify KTRS of errors and/or omissions that need to be corrected.

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